

**CITY OF WESTPORT**  
**Grays Harbor County, Washington**  
**January 1, 1991 Through December 31, 1992**

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**Schedule Of Findings**

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1. Earnings Of The Bond Fund Should Not Subsidize The General Fund

Since January 1989, the City of Westport has been diverting a portion of interest earnings from the Sewer Revenue Bond Redemption Fund (also known as the Sewer Debt Service Fund or more simply the Bond Fund) to the General Fund of the city. Interest earnings retained in the Bond Fund for the four-year period January 1, 1989, through December 31, 1992, were \$108,644. Total interest earnings of the Bond Fund over that same period would have equaled more than \$215,000 if computed at a conservative rate of 5 percent per year. The difference of \$106,356 was placed in the City's General Fund.

Section 16 of Westport's Ordinance No. 588, which established the Bond Fund, states:

Interest earned on . . . such investments shall be deposited in and become a part of the bond fund.

RCW 43.09.210 states in part:

. . . no department, public improvement, undertaking, institution, or public service shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

By placing interest earnings of the Bond Fund in the General Fund, Westport is causing money that rightfully belongs to the sewer utility for bond retirement to be used for general operations of the city.

City officials were, apparently, under the impression that this was an acceptable way to supplement the General Fund.

We recommend the General Fund repay the Bond Fund \$106,356 for interest income improperly diverted through December 31, 1992. We further recommend that any diversions that have occurred in 1993 be repaid.

2. City Officials Should Resolve Conflict Of Interest

The council member of the City of Westport, Nancy Eichenberger, is married to an employee of the city's public works department.

RCW 42.23.030 states in part:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer . . . .

By being married to an employee of the public works department, the council member has a beneficial interest in his employment contract.

City officials did not view this matter as a conflict since the council member asked various parties, if this would be a problem before she ran for office, and no agency stated it would be a problem. Our position is that the existence of the marital community does, in fact, create an immediate conflict of interest.

We recommend that appropriate action be taken to bring the City of Westport into compliance with state law.